Nos. 90-1604 and 90-1606

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

DAN MORALES, Attorney General of Texas, *et al.*,
Petitioners,

v.

TRANS WORLD AIRLINES, INC., *et al.*,
Respondents.

Petitions for Writs of Certiorari to the United States Court of Appeals for the Fifth Circuit

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BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether section 105(a) of the Airline Deregulation Act of 1978, which bars the states from imposing any regulation "relating to rates, routes, or services of any air carrier," preempts state regulation of air fare advertising.

2. Whether an effort by persons to intervene and secure relief in litigation before a district court constitutes sufficient contact with the forum to subject those persons to jurisdiction for purposes of that litigation.*

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* The respondents are Trans World Airlines, Inc.; Continental Airlines, Inc.; British Airways PLC; Pan American World Airways, Inc.; Air Canada; Campagnie Nationale Air France; Alitalia-Linee Aeree Italiane, S.p.A.; El Al Israel Airlines Ltd.; Finnair; Lufthansa German Airlines; Japan Air Lines Company, Ltd.; Qantas Airways Ltd.; Scandinavian Airlines System; and Viacao Aerea Rio-Grandense (VARIG). Their corporate parents and partially owned subsidiaries are listed in App. A-N, *infra*.

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BRIEF IN OPPOSITION

This brief in opposition is filed on behalf of all respondents.

STATEMENT

1. *The federal regulatory scheme.* Civil aviation has been subject to extensive federal regulation since enactment of the Civil Aeronautics Act of 1938, ch. 601, 52 Stat. 973 (1938). Included among the powers conferred upon the Civil Aeronautics Board ("CAB") by that Act was the authority, now codified in section 411(a) of the Federal Aviation Act, 49 U.S.C. app. § 1381(a), to determine whether an air carrier "has been or is engaged in unfair or deceptive practices or unfair methods of competition." For many years that authority over consumer protection was shared with the states. *See Nader v. Allegheny Airlines*, 426 U.S. 290 (1976). But subsequent enactment of the Airline Deregulation Act of 1978, Pub.

L. No. 95-504, 92 Stat. 1705 (1978), represented "a major change and fundamental redirection as to the manner of regulation of interstate and overseas air transportation." S. Rep. No. 631, 95th Cong., 2d Sess. 52 (1978). *See also* H.R. Conf. Rep. 1779, 95th Cong., 2d Sess. 56 (1978) ("this new, comprehensive legislation . . . entirely overhauls the aviation regulatory system").

The purpose of the Deregulation Act was to encourage development of a system of civil aviation that "relies on competitive market forces to determine the quality, variety, and price of air services . . . ." S. Rep. No. 631 at 1; *see also* 49 U.S.C. app. § 1302(a)(9). Section 102(a)(7) of the Act, 49 U.S.C. app. § 1302(a)(7), instructs the CAB to prevent "unfair, deceptive, predatory, or anticompetitive practices . . . that would tend to allow one or more air carriers . . . unreasonably to increase prices, reduce services or exclude competition in air transportation." In turn, section 105(a)(1) of the Act expressly preempts state law: "no State . . . shall enact or enforce any law, rule, regulation, standard, or other provision having the force and effect of law relating to rates, routes, or services of any air carrier." Congress thus chose to eliminate "a confusing system of dual regulation," because "it is important that only one standard of regulation be provided for airlines operating under the authority of the CAB." S. Rep. No. 631 at 98. *See also* H.R. Rep. No. 1211, 95th Cong., 2d Sess. 15-16 (1978).

The Deregulation Act was followed by the Civil Aeronautics Board Sunset Act of 1984, Pub. L. No. 98-443, 98 Stat. 1704 (1984), which transferred the powers and duties of the CAB to the Department of Transportation ("DOT"). This Act preserved section 105(a)(1) of the Deregulation Act, with its express statement of federal preemption, and the accompanying House Report explained that preemption was of particular importance in the area of consumer protection:

> In addition to protecting consumers, federal regulation insures a uniform system of regulation and preempts regulation by the states. If there was no Federal regulation the states might begin to regulate these areas, and the regulations could vary from state to state. This would be confusing and burdensome to airlines passengers, as well as to the airlines.

H.R. Rep. No. 793, 98th Cong., 2d Sess. 4 (1984). The Report further explained that Congress had chosen to consolidate "CAB's consumer protection and unfair competitive practice authorities" in DOT in order to avoid the conflict or confusion that might result "[i]f two agencies shared authority." *Id.* at 6.

Following enactment of the Sunset Act DOT has continued and expanded upon CAB's regulations in the area of consumer protection. DOT's regulations comprehensively address such matters as advertising; competitive, promotional, and deceptive practices; sales; and notice of terms of contract of carriage. *See generally* 14 C.F.R. §§ 201, 221, 254, 380, 399 (1990). With specific reference to the advertising of air fares, DOT has issued orders providing, for example, that the international departure tax, customs and immigration fees, and surcharges for security services may be identified separately from the base fare. DOT Orders 85-12-68 and 89-4-25. 4 R. Ex. 5 ("R" refers to the multi-volume record on appeal); Appellees Br. at A33-35 (No. 89-1142 5th Cir.). Moreover, in publishing notice of proposed regulations, DOT has affirmed that section 105(a)(1) of the Deregulation Act protects carriers against potentially conflicting regulation of air fare advertising by the 50 states and dictates "that there be one industry-wide price advertisement standard." 54 Fed. Reg. 31052, 31054 (1989).

2. *The events leading to this litigation.* In September 1987, the National Association of Attorneys General ("NAAG") circulated proposed Air Travel Industry En-

forcement Guidelines, including proposed uniform state rules governing air fare advertising, to carriers, DOT, and the Federal Trade Commission ("FTC") for comment. The Guidelines provided, *inter alia*, "that any fuel, tax or other surcharge to air fare must be included in the total advertised price of the fare." Texas Pet. App. 15a ("Texas Pet." refers to the petition in No. 90-1604).

The FTC and DOT both strongly opposed adoption of the Guidelines. The FTC pointed out that the Guidelines, "especially the advertising provisions, could have the unintended consequence of substantially inhibiting effective price competition," that they "might result in inconsistent federal and state regulation," and that they "ignor[e] the important question of federal preemption." 4 R. Ex. 2. DOT also objected to the Guidelines on their merits and commented further that they "appear to be preempted by the Federal Aviation Act (49 U.S.C. § 1301 *et seq.*) or [DOT] rules or would unduly burden interstate commerce . . . ." 4 R. Ex. 8 at 1. Notwithstanding this federal opposition, NAAG adopted the Guidelines in December 1987. Texas Pet. App. 15a, 37a.

In February 1988, the attorneys general of Texas and six other states circulated a memorandum announcing that they intended to "bring airline advertisements into compliance with standards delineated in the [NAAG] guidelines for fare advertising." 2 R. Ex. H, Attachment A. DOT responded by stating that "we have specifically permitted the type of advertising to which the Attorneys General object" and repeating that "the federal government has preempted this aspect of state price advertising regulation." 4 R. Ex. 9 at 1. Undeterred, the attorneys general of Texas and four other states sent letters in November 1988 to respondents Trans World Airlines, Inc. ("TWA"), Continental Airlines, Inc. ("Continental"), and British Airways PLC ("British Air"), "notifying them that some of their advertisements violated the NAAG guidelines and these states' false advertising and

deceptive practices laws . . . [and] charg[ing] that the airlines had attempted to make their fares appear lower than those of their competitors by prominently advertising the ticket price, while less prominently disclosing taxes, surcharges and fees." Texas Pet. App. 15a. "The letter threatened prosecution." *Id.*

3. *Litigation in the district court.* Faced with this threat, TWA, Continental, and British Air brought suit against the Attorney General of Texas in the United States District Court for the Western District of Texas, seeking to enjoin him from enforcing the Texas Deceptive Trade Practices Act against their fare advertising. They moved for a temporary restraining order ("TRO") and the court held a hearing on the motion. On the day of the hearing, the attorneys general of 33 states (not including Texas) filed a motion requesting an order denying a TRO or, in the alternative, a postponement of hearing. *Id.* at 38a. The Attorney General of Kansas participated in the hearing, explaining that he appeared on behalf of all the attorneys general who had filed that motion. *Id.* at 38a-39a.

Following the hearing, the district court determined that the plaintiffs had established a likelihood of success on the merits and also had satisfied the other requirements for preliminary injunctive relief. *Id.* at 48a-49a. Accordingly, the court "issued the preliminary injunction prohibiting the Attorney General of Texas from initiating any enforcement action to regulate the [plaintiffs'] advertising of fares." *Id.* at 39a. The Attorney General of Kansas then filed a motion to clarify the injunctive order. *Id.* The court granted the motion, making explicit that the preliminary injunction "does not apply to any Attorney General of any state, commonwealth, territory, or the District of Columbia, other than Jim Mattox, Attorney General of Texas, nor does that order apply to any law other than the laws of the State of Texas." *Id.*

Subsequently, TWA, Continental, and British Air moved to broaden the preliminary injunction to cover the 33 attorneys general who had intervened *de facto* as defendants in order to oppose the request for a TRO, and ten additional respondent airlines here moved for leave to intervene as plaintiffs. The district court granted both motions on April 26, 1989. *Id.* at 52a-64a. On May 26, 1989, the court permitted the remaining respondent airline here, Pan American World Airways, Inc., also to intervene as a plaintiff. *Id.* at 65a.

All 34 attorneys general appealed from issuance of the preliminary injunction.

4. *The Fifth Circuit's opinion.* The court of appeals affirmed, agreeing that "state laws pertaining to deceptive advertising have been expressly preempted by federal law when applied to fare advertising by interstate and international airlines." *Id.* at 23a.

The court began by noting that section 105(a)(1) of the Deregulation Act preempts all state laws "relating to rates, routes, or services," and that this Court has held that a state law "relates to" a subject, as that term is used in a preemption statute, if it "has a connection with or reference to" the subject. *Id.* at 26a (citing *Shaw v. Delta Air Lines, Inc.*, 463 U.S. 85, 96-98 (1983)). The court further noted that the Seventh Circuit earlier had concluded that "[p]ricing advertising surely 'relates to' price" and that other courts had reached similar conclusions concerning the reach of section 105(a)(1). *Id.* at 26a-28a (citing *Illinois Corporate Travel, Inc. v. American Airlines, Inc.*, 889 F.2d 751, 754 (7th Cir. 1989), *cert. denied*, 110 S. Ct. 1948 (1990); *New England Legal Found. v. Massachusetts Port Auth.*, 883 F.2d 157 (1st Cir. 1989); *O'Carroll v. American Airlines, Inc.*, 863 F.2d 11 (5th Cir.), *cert. denied*, 490 U.S. 1106 (1989); *Anderson v. USAir, Inc.*, 818 F.2d 49 (D.C. Cir. 1987); and *Hingson v. Pacific Southwest Airlines*, 743 F.2d 1408 (9th Cir. 1984)).

The court then reviewed the legislative history of section 105(a)(1) and determined that it "demonstrates the intent of Congress to expressly prempt state regulation of airline fare advertising, leaving no right of action that arises under state law only." *Id.* at 31a. In addition, "[s]ubsequent legislation has confirmed the intent of Congress to preempt state regulation of airline fare advertising." *Id.* at 32a. The court concluded:

> Given the history of congressional concern and the inclusion of specific preemption language in the Deregulation Act, we agree with the Seventh Circuit in *Illinois Corporate Travel* that airline fare advertising "relates to" rates within the meaning of § 1305(a)(1). Although the state laws against deceptive advertising are not aimed specifically at airlines, and clearly do not attempt to set rates, the conclusion is inescapable that such laws do "relate to" rates when applied to airline fare advertising. As the Supreme Court noted in *Shaw*, a law relates to a particular subject "if it has a connection with or reference to" that subject. It cannot be gainsaid that enforcement of a state law regulating fare advertising by airlines has a connection with or reference to rates within the meaning of § 1305(a)(1). Therefore, such state action is expressly preempted by § 1305(a)(1).

Id. at 32a-33a (citations omitted). Consequently, "the airlines have demonstrated a substantial likelihood of success on their claim for a permanent injunction." *Id.* at 34a. The court determined that the other requirements for issuance of a preliminary injunction also had been satisfied. *Id.* at 35a-36a.

The court further held that "the thirty-three attorneys general became *de facto* intervenors when the Attorney General of Kansas filed the motion, sought relief and participated in the TRO hearing on their behalf . . . [and thus] waived any objection to the jurisdiction of the court

over their persons as representatives of their respective states." *Id.* at 42a-43a.

The Attorney General of Texas and 33 other state attorneys general filed petitions for writs of certiorari, which this Court denied on October 15, 1990. 111 S. Ct. 307, 308 (1990).

5. *Entry of final judgment and the second appeal.* After the Fifth Circuit affirmed the award of preliminary relief, the district court granted summary judgment for the respondent airlines, issued a permanent injunction, and entered final judgment. *Id.* at 8a-12a. The "permanent injunction . . . is virtually identical to the preliminary injunction that the court of appeals affirmed in its prior order." Texas Pet. 2.

The Fifth Circuit, relying upon its earlier opinion, affirmed in an unpublished *per curiam* order. In response to petitioners' complaint that summary judgment was improper—the only new issue raised on the second appeal—the court concluded:

> Defendants have failed to point out any outstanding factual issue relevant to the judgment. The question of preemption, the cornerstone of the case, is a question of law which the district court could clearly resolve on the basis of the summary judgment evidence available.

Texas Pet. App. 6a-7a.

ARGUMENT

The Fifth Circuit's unpublished *per curiam* order rests squarely on its earlier opinion in this case. In seeking review of this order, petitioners do no more than rehash the arguments made in their own earlier petitions, without offering anything new. This second round of petitions also should be denied. The Fifth Circuit's rulings are manifestly correct and do not warrant review. There is no conflict among the circuits or any other reason why this Court should hear this case.

1. *Section 105(a)(1) of the Deregulation Act preempts state regulation of air fare advertising.*

a. Section 105(a)(1) preempts all state laws "relating to rates, routes, or services of any air carrier." The phrase "relating to," as used in federal preemption statutes, must be given a "broad common-sense meaning." *Pilot Life Ins. Co. v. Dedeaux*, 481 U.S. 41, 47 (1987). Indeed, the phrase "relates to" is "conspicuous for its breadth." *FMC Corp. v. Holliday*, 111 S. Ct. 403, 407 (1990). Congress' intent in using such "deliberately expansive" language is underscored where the statute uses equally broad language in defining preempted state law to include "all laws, decisions, rules, regulations, or other State action having the effect of law," as section 105(a)(1) of the Deregulation Act does here. *See Ingersoll-Rand Co. v. McClendon*, 111 S. Ct. 478, 482-83 (1990).

A state law "relates to" a subject "if it has a connection with or reference to" that subject. *Shaw v. Delta Airlines, Inc.*, 463 U.S. 85, 96-97 (1983). *See also, e.g., Metropolitan Life Ins. Co. v. Massachusetts*, 471 U.S. 724, 739 (1985); *Blue Cross & Blue Shield of Florida, Inc. v. Department of Banking and Finance*, 791 F.2d 1501, 1504-05 (11th Cir. 1986); *Pacor, Inc. v. Higgins*, 743 F.2d 984, 994 (3d Cir. 1984). As both the Fifth and Seventh Circuits agree, state laws regulating the advertising of air fares plainly have a connection with

or reference to rates and thus are preempted by section 105(a)(1). *See Illinois Corporate Travel, Inc. v. American Airlines, Inc.*, 889 F.2d 751, 754 (7th Cir. 1989), *cert. denied*, 110 S. Ct. 1948 (1990).

The legislative history confirms this conclusion. Prior to 1978, the CAB and the states had shared responsibility over consumer protection. *See Nader*, 426 U.S. at 300-01. The enactment during that year of section 105(a)(1) was intended, among other things, to eliminate this "confusing system of dual regulation," S. Rep. No. 631 at 98, and to "prevent conflicts and inconsistent regulations." H.R. Rep. No. 1211 at 16. "Congress obviously did not intend to leave a vacuum to be filled by the Balkanizing forces of state and local regulation." *New England Legal Found. v. Massachusetts Port Auth.*, 883 F.2d 157, 173 (1st Cir. 1989).

When Congress later transferred the CAB's powers over consumer protection to DOT, it explained that "[i]n addition to protecting consumers, federal regulation insures a uniform system of regulation and preempts regulation by the states," thereby leaving air carriers free from "confusing and burdensome" state regulation. H.R. Rep. No. 793 at 4. This view of a subsequent Congress concerning the meaning of a previously enacted statute has "significant weight," *Seatrain Shipbuilding Corp. v. Shell Oil Co.*, 444 U.S. 572, 596 (1980), especially where, as here, "Congress is not merely expressing an opinion on a matter which may come before a court but is acting on what it understands its own prior acts to mean." *Mount Sinai Hosp. v. Weinberger*, 517 F.2d 329, 343 (5th Cir. 1975).

DOT repeatedly has taken the position that its authority over consumer protection preempts state laws of the kind that petitioners are seeking to enforce. To the extent that those state laws are fairly represented by the NAAG Guidelines, they are directly contrary to the position that DOT has announced concerning the separate

identification of taxes, fees, and surcharges in fare advertisements. *See* pp. 3-4, *supra*. For all these reasons, the Fifth Circuit correctly concluded that section 105(a)(1) preempts state efforts at regulating air fare advertising.

b. The decision below does not conflict with the decisions either of this Court or of the other courts of appeals. Although petitioners attempt to suggest otherwise, the decision below obviously is consistent with *Nader*. In that case, this Court held that the CAB's authority to regulate consumer protection under section 411(a) of the Federal Aviation Act was not exclusive in the absence of any provision in that Act expressly preempting state law. The decision in this case turns on section 105(a)(1) of the Deregulation Act, which was enacted two years *after* the decision in *Nader* and does expressly preempt state law. The Deregulation Act, with its express preemption of state law, fundamentally redirected and entirely overhauled the regulatory scheme under which *Nader* had been decided. This case and *Nader* thus involve different issues arising under different statutes with different regulatory objectives.

The decision below also is consistent with *Alaska v. Department of Transp.*, 868 F.2d 441 (D.C. Cir. 1989), *Air Transport Ass'n v. Public Util. Comm'n*, 833 F.2d 200 (9th Cir. 1987), *cert. denied*, 487 U.S. 1236 (1988), and *West v. Northwest Airlines, Inc.*, 923 F.2d 657 (9th Cir. 1990), the three federal appellate decisions on which petitioners rely in asserting a conflict. The decision in *Alaska* did not involve section 105(a)(1) and, indeed, had nothing whatsoever to do with preemption; the question there concerned only the procedural validity of certain administrative orders. Preemption was at issue in *Air Transport*; the court held that a state regulation forbidding surreptitious eavesdropping on telephone conversations was unrelated to airline rates, routes, or services and therefore was not preempted by section 105(a)(1).

That regulation obviously was far removed from the regulation of air fare advertising at issue in this case. In *West*, which was decided subsequent to the first opinion by the Fifth Circuit in this case, the Ninth Circuit held that a passenger may sue an air carrier under state law for damages resulting from overbooking, reasoning that section 105(a)(1) does not "encompass all state laws that affect airline services, however tangentially." As the Attorney General of Texas concedes, "[t]he Ninth Circuit does not discuss the Fifth's Circuit opinion," and its holding "did not directly involve airline advertising." Texas Pet. 15. The Ninth Circuit has not decided a case involving state regulation of air fare advertising, nor has it said anything to indicate that it disagrees with the decisions of the Fifth and Seventh Circuits on this issue.

The Attorney General of Texas wrongly argues that "[t]he effect of the injunction is to prohibit the filing of any additional lawsuits by any state, whether in state or federal court." Texas Pet. 7 n.6. As the other petitioners conceded in their earlier petition, "[s]ixteen states are not covered by the injunction . . . [and] [n]umerous airlines are not parties to th[is] litigation and are not covered by the injunction." Petition of Thirty-three State Attorneys General in No. 90-232 at 31. There is, thus, ample opportunity for further consideration of the question of preemption in the lower courts.

There is little reason to fear, however, that the lower courts will be overburdened by a groundswell of litigation involving this question. Petitioners concede that only a handful of pending cases, if any, present this issue, and all are in state trial courts. *See* Tex. Pet. 7 n.6. "Wise adjudication has its own time for ripening." *Maryland v. Baltimore Radio Show, Inc.*, 338 U.S. 912, 918 (1950) (opinion of Frankfurter, J., respecting denial of certiorari). The issue here plainly is not ripe for review by this Court.

2. *The district court properly exercised jurisdiction over the non-Texas petitioners.* The non-Texas petitioners argue that the Fifth Circuit's determination that they were *de facto* intervenors is not supported by the *facts*, 31 Pet. 17-23 ("31 Pet." refers to the petition in No. 90-1606), and that, again as a factual matter, there was no case or controversy. *Id.* at 23-30. These fact-specific contentions do not warrant review by this Court.

a. The attorneys general entered this litigation voluntarily and of their own accord. They were under no compulsion to do so:

> the plaintiffs filed suit only against the Attorney General of Texas. Although they sought a TRO against the defendant and "any person in active concert or participation with him," the only relief prayed was from enforcement actions "under the laws of the state of Texas." The complaint and motion for an injunction did not seek to enjoin the enforcement of any laws but those of Texas.

Texas Pet. App. 41a. Nonetheless, the non-Texas petitioners, behaving like named parties, rushed into court filing a motion, seeking relief, and participating in argument. Because they were present and active in court, their contact with the forum was even more substantial than that of the defendant in *Burnham v. Superior Court of California*, 110 S. Ct. 2105 (1990) (upholding assertion of jurisdiction over individual out-of-state defendant served while visiting within state).

Although the non-Texas petitioners did not expressly waive objections to personal jurisdiction, neither did they expressly assert such objections. They claim now that they "contested" jurisdiction, but that is wrong; they simply sought relief "without admitting that this Court has personal jurisdiction over them." Texas Pet. App. 38a. They were precluded from contesting jurisdiction, for they were "ask[ing] the court to act on [their] behalf in some substantive way." 31 Pet. 20 n.16.

In these circumstances, there was ample factual basis for the Fifth Circuit's determination that the non-Texas petitioners intervened *de facto* and thus subjected themselves to the personal jurisdiction of the district court. *See, e.g., In re Grand Jury Proceedings*, 654 F.2d 268, 271 (3d Cir.), *cert. denied*, 454 U.S. 1098 (1981); *Martindell v. International Tel. & Tel. Corp.*, 594 F.2d 291, 294 (2d Cir. 1979); *Adams v. Morton*, 581 F.2d 1314, 1318 (9th Cir. 1978), *cert. denied*, 440 U.S. 958 (1979). This essentially factual question is *sui generis* and does not warrant further review.

b. The non-Texas petitioners' related claim, that there was no justiciable case or controversy, is insubstantial. It is undisputed that respondents' advertising violates the NAAG Guidelines, which the attorneys general treat as expressive of state law. In this context, the non-Texas petitioners' precipitate entry into the case, with their demand that they be left free to "enforce[] . . . their state law in their state court," Texas Pet. App. 39a, adequately demonstrated the existence of a "real, substantial controversy between parties having adverse legal interests, a dispute definite and concrete, not hypothetical or abstract." *Railway Mail Ass'n v. Corsi*, 326 U.S. 88, 93 (1945). Respondents were not "without some reason in fearing prosecution," *Babbitt v. United Farm Workers Nat'l Union*, 442 U.S. 289, 302 (1979), and did not have to "await the consummation of threatened injury to obtain preventive relief." *Pennsylvania v. West Virginia*, 262 U.S. 553, 593 (1923).

CONCLUSION

The petitions for writs of certiorari should be denied.

Respectfully submitted,

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APPENDICES

APPENDIX A

TRANS WORLD AIRLINES, INC.

Parent Company

TWA Airlines, Inc.

Subsidiaries (Except Wholly Owned Subsidiaries)

Airline Data Resources, Inc.
Airport Cargo Services, Inc.
Airport Terminal Services, Inc.
Ambassador Fuel Corporation
Ambassador Health Systems, Inc.
Blue Jay Investors Plan, Inc.
Century Air, Rail and Land Insurance Co.
Elsinore Investment Services, Inc.
Elytron, Inc.
International Aviation Security, Inc.
Mega Advertising, Inc.
Midcoast Aviation, Inc.
Midcoast-Little Rock, Inc.
Northwest 112th Street Corp.
Ozark Group, Inc.
Storm Haven, Inc.
Swan Management Corp.
The Gateway Group (U.K.), Inc.
The Travel Channel, Inc.
The TWA Ambassadors Club, Inc.
Transcontinental & Western Air, Inc.
Trans World Airlines (Australia) Pty. Ltd.
Trans World Airlines Services, Inc.
Trans World Computer Services, Inc.
Trans World Pars, Inc.
TWA America, Inc.
TWA Aviation, Inc.
TWA de Mexico, S.A., de C.V.
TWA Employee Services, Inc.

TWA Getaway Vacations, Inc.
TWA Group, Inc.
TWA International, Inc.
TWA Investment Plan, Inc.
TWA Maintenance Services, Inc.
TWA Management Services, Inc.
TWA Nippon, Inc.
TWA Standards & Controls, Inc.
TWA-U.S., Inc.
World Marketing Services, Inc.

APPENDIX B

CONTINENTAL AIRLINES, INC.

Parent Company

Continental Airlines Holdings, Inc.

Subsidiaries (Except Wholly Owned Subsidiaries)

Bar Harbor Airways, Inc.
Continental—Eastern Sales, Inc.
TAC/SAS Quality Service Institute, Inc.

APPENDIX C

BRITISH AIRWAYS PLC

PARENT COMPANY

None

*Subsidiaries**

Air Mauritius Ltd.
ALTA Holidays Ltd.
Anchorage Fueling and Servicing Company
Bedford Associates, Inc.
Britair Acquisition Corp.
British Air Holidays Ltd.
British Airways Associated Companies, Ltd.
British Airways Engine Overhaul Ltd.
British Airways Enterprises Ltd.
British Airways Tour Operations
British Caledonian Flight Training
British Caledonian Group PLC
Caledonian Airways Limited
Covia Partnership
Distribution Systems Inc.
Hogg Robinson PLC
Penta Hotels NV
Overseas Air Travel Ltd.
Ruby Aircraft Leasing and Trading
Sabena World Airlines NV
Sapphire Aircraft Leasing and Trading
Speedbird Insurance Company Ltd.
The Galileo Company Limited
The Plimsoll Line Ltd.
Travel Automation Services Ltd.

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* Does not include companies with less than 5% British Airways PLC Ownership.

APPENDIX D

PAN AMERICAN WORLD AIRWAYS, INC.

Parent Company

Pan Am Corporation

Subsidiaries (Except Wholly Owned Subsidiaries)

Aeronautical Radio, Inc.
Air Cargo, Inc.
Airline Tariff Publishing Company
Escola Americana de Rio de Janeiro
Honolulu Fueling Facilities Corporation
International Aeradio (Caribbean) Ltd.
Liberian Development Corporation
Manhattan Air Terminal, Inc.
Nigerian Aviation Handling Co.
Promotora de Hoteles de Turismo Medellin, S.A.
Social Immobiliara Norteamericana, S.A.
Société International de Telecommunications Aeronautiques

APPENDIX E

AIR CANADA

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

Air B.C. Limited
Express Messenger Systems Inc.
Maple Leaf Holdings Inc.
Northern Express Messenger Systems Ltd.
152160 Canada Inc.

APPENDIX F

COMPAGNIE NATIONALE AIR FRANCE

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

Air Charter
Air Inter
Euroberlin France
Saresco (Société Aéroportuaire de Restauration, de Services et de Commerces)
Servair (Compagnie d'Exploitation des Services Auxiliaries Aériens)
Société Immobilière Aéroportuaire
Sodexi
Sotair (Société de Tourisme Aérien International)
UTA French Airlines

APPENDIX G

ALITALIA-LINEE AEREE ITALIANE, S.p.A.

Parent Company

Istituto per la Ricostruzione Industriale (IRI)

Subsidiaries (Except Wholly Owned Subsidiaries)

Aeroporti di Roma—Societa per la Gestione del Sistema Aeroportuale della Capitale S.p.A.
Alidata S.p.A.
Eurofly S.p.A.
Italiatour S.p.A.
Racom Teledata S.p.A.
Sigma—Societa Italiana Gestione Sistema Multi Accesso per Azioni
Sigma Travel System S.p.A.
Sisam S.p.A.

APPENDIX H

EL AL ISRAEL AIRLINES LTD.

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

None

APPENDIX I

FINNAIR

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

Airplus Company Ltd.
Asunto Oy Heikkiläntalo
Asunto Oy Iso-Roobertinkatu 3-5-7
Asunto Oy Mannerheimintie 100
Asunto Oy Metsätorppa, Kauppalantie 48
Asunto Oy Octavus, Mannerheimintie 84
Asunto Oy Tenholantie 4
Finlandia Travel Agency Ltd.
Finnaviation Oy
Finnish American International Trade Inc.
Finnland Haus GmbH
Infa-Hotel
Kar-Air Ab
Karair Oy
Matkatoimisto Matkayhtyma Oy
Oy TEN-MAR Fastighets Ab
SAS International Hotels A/S
Suomen Matkatoimisto Oy

APPENDIX J

LUFTHANSA GERMAN AIRLINES
(Deutsche Lufthansa Aktiengesellschaft)

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

DLT Deutsche Luftverkehrsgesellschaft mbH

APPENDIX K

JAPAN AIRLINES COMPANY, LTD.

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

Avionet (USA) Inc.
Global Laundry & Linen Supply, Inc.
Hotel Nikko Saipan, Inc.
International Inflight Catering Company
JAL International Service, Inc.
JAL Leasing (USA) Inc.
Japan Airlines Management Corp.
Lanovac, Inc.
Nikko Inflight Catering Company
Pacific Fuel Trading Corp.

APPENDIX L

QANTAS AIRWAYS LTD.

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

Aeronautical Radio Thailand Limited
Air Pacific Limited
Fiji Resorts Limited
Gateway Passenger Services, Inc.
Global Logistics Services Pty. Limited
Honolulu Fueling Facilities Corporation Inc.
Jupiter Air (Australia) Pty. Limited
Laxfuel Corporation
Los Angeles West Terminal Fuel Corporation
Official Filing Company
QHF Insurance Brokers Limited
Société Internationale de Telecommunications Aeronautiques
Thomas Cook Pty. Limited
Tradegate Australia Limited
Travel Industries Automated Systems Pty. Ltd.

APPENDIX M

SCANDINAVIAN AIRLINES SYSTEM (SAS)*

Parent Company

None

Subsidiaries (Except Wholly Owned Subsidiaries)

A. Giele & Sohne (GmbH & Co.)
Airlines of Britain Holdings PLC
Amadeus A.G.
Amadeus Global Travel Distribution S.A.
Aviation Holdings PLC
Bennett Rejsebereu
Bromma Tryck AB
Continental Airlines Holdings, Inc.
Copenhagen Airline Catering A/S
Copenhagen Duty-Free Distribution A/S
Copenhagen International Hotels K/S GH
CSG Catering Service GmbH & Co.
Diners Club Danmark A/S
Diners Club Finland OY
Diners Club Nordic A/S
Diners Club Norge A/S
Diners Club Sweden AB
Gronlandsfly A/S
Hotel Scandinavia K/S
Hoteles Sunwing SA
Hoteles Vacatio SA
Inflight Services International Ltd.
Inversas Ltda.

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* The SAS Group is made up the SAS Consortium and its subsidiaries and affiliated companies. The SAS Consortium was formed by the three national airlines of Denmark, Norway, and Sweden: Det Danske Luftfartseiskab A/S (DDL), Det Norske Luftfartseiskap A/S (DNL), and AB Aerotransport (ABA), respectively. The subsidiaries listed in this appendix are the subsidiaries and affiliated companies of SAS.

Kobenhavns Lufthavns Forretningscenter K/S
Lan Chile S.A.
Nord-Norsk Hotelldrift A/S
Norwegian Showcase (USA) A/S
Oslo Airline Catering A/S
Polygon Insurance Co. Ltd.
Saga Solreiser A/S
Saison Overseas (Holdings) BV
SAS Capital BV
SAS Globetrotten Hotel S/S
SAS Grand Hotel Beijing, Joint Venture Co. Ltd.
SAS Holding A/S
SAS Hotels A/S Danmark
SAS Hotels Brussels S.A.
SAS Hotels (Deutschland) GmbH
SAS Hotels N.V.
SAS Hotels U.K., Ltd.
SAS International Hotels A/S
SAS Leisure AB
SAS Park Avenue Hotel AB
SAS Park Royal Hotel A/S
SAS Scandinavia Hotel A/S
SAS Service Partner, AB, Sverige
SAS Service Partner A/S
SAS Service Partner A/S, Norge
SAS Service Partner GmbH & Co.
SAS Service Partner Holding GmbH Deutschland
SAS Service Partner Holdings Ltd.
SAS Service Partner Ltd.
SAS Service Partner Offshore & Industrial Catering A/S
SAS Service Partner Offshore Catering Stavanger A/S
SAS Trading Holding A/S
Scandinavia Aero Engine Services AB
Scandinavian Aviation Investments Ltd.
Scandinavian Multi Access Systems AB
Smart Sverigt AB
Spanair S.A.
Stockholm Airline Catering AB

Stockholm Airport Restaurants AB
Sunet SA
Sunwing AB
Sunwing Hellas SA
Swedair AB
Tenerife Sol SA
Tenk SA
Travel Management Group, Sweden AB
Ucak Servisi AS
VHH Vereinigte Hotel-Holding GmbH
Vingreiser A/S
Vingreiser Norge A/S
Wideroe's Flyveselskap A/S

APPENDIX N

VIAÇAO AÉREA RIO-GRANDENSE (VARIG)

Parent Company

Fundaçao Ruben Berta

Subsidiaries (Except Wholly Owned Subsidiaries)

Agripec S.A. Agropecuária Ind. Com. Exportação
BANCO VARIG S.A.
Cia. Tropical de Hotéis
Cia. Tropical de Hotéis da Amazônia
Cia. Tropical de Hotéis do Nordeste
Cia. Tropical—Hotel Tambaú
Expressão Brasileira de Propaganda, Ltda.
Hotel de Bahia S.A.
Icaro Editora, Ltda.
Interlocadora S.A.
Rio-Sul Serviços Aéreos Regionais S.A.
Serviços Auxiliares de Transporte Aéreo S.A.
Sociedade Brasileira de Turismo Aéreo—"ROTATUR", Ltda.
Varig S.A. Arrendamento Mercantil
Varig Trading S.A.